

The International College of Economics and Finance **Syllabus for History of Economic Thought**

Lecturer: Denis V. Melnik

Class teacher: Denis V. Melnik

Course description

History of Economic Thought is a two-module course.

The course is taught in English and Russian.

Teaching objectives

The purpose of the course is to give students an overview of the process of development of economic thought from the Antiquity till the second half of the twentieth century. Special attention shall be paid to the nature of the problems the economists of all times faced and tried to solve. Understanding of continuity and changes in the problem solving activity of economists may contribute to a better grasp of the logic of the evolution of economics as a discipline. Upon successful completion of the course students should be able to distinguish between the main schools and trends in the history of economic thought and to understand the analytical foundations of the approaches in the economics of 19th – 20th centuries.

Methods

The following methods and forms of study are used in the course:

- lectures
- classes
- teacher's consultations
- self-study
- paper presentations
- essay writing

Students ought to do a set of preparatory reading before participating in classes. The forms of assessment used on the course include a 3–5 pages essay, marks for paper presentation (optionally) and for seminar participation, an end-of-course exam (a 90 minutes written exam in which students are to answer two exam essay questions).

The final exam grade accounts for 60% of overall grade for the course.

Main reading

- I. История экономических учений / Под ред. В.С. Автономова, О.И. Ананьина, Н.А. Макашевой. М.: Инфра-М. 2008 (или др. год издания).
- II. Schumpeter J. *A History of Economic Analysis*. Oxford University Press, 1954. (русское издание: Й. Шумпетер. История экономического анализа. В 3-х тт. СПб., 2004)

III. Roncaglia A. *The Wealth of Ideas. A History of Economic Thought*. Cambridge University Press, 2006.

Supplementary Reading

1. Blaug M. *Economic Theory in Retrospect*. 5-th ed. Cambridge: Cambridge University Press 1991. (русское издание: М. Блауг. Экономическая теория в ретроспективе. М.: Дело, 1994).
2. Clark J.B. *The Distribution of Wealth*. (русское издание: Кларк Дж.Б. Распределение богатства. М.: Экономика, 1992).
3. Keynes J.M. *General Theory of Employment, Interest and Money*. (any edition). (русское издание: Дж.М. Кейнс. Общая теория занятости, процента и денег (различные издания)).
4. Leijonhufvud A. *On Keynesian Economics and the Economics of Keynes*. NY, 1968.
5. Marshall A. *Principles of Economics*. (русское издание: Маршалл А. Принципы политической экономии. В 3-х тт., разные издания).
6. Polanyi K. Аристотель открывает экономику // Истоки: экономика в контексте истории и культуры. М.: ГУ ВШЭ, 2004. С. 9—51.
7. Ricardo D. *On the Principles of Political Economy and Taxation*. (any edition). (русское издание: Рикардо Д.. Начала политической экономии и налогового обложения. Избранное. М.: Эксмо, 2007).
8. Smith A. *An Inquiry into the Nature and Causes of A Wealth of Nations*. (any edition). (русское издание: Смит А. Исследование о природе и причинах богатства народов, различные издания).
9. Veblen T. *The Theory of the Leisure Class*. (русское издание: Веблен Т. Теория праздного класса. М.: Прогресс, 1984).
10. Walras L. *Elements of Pure Economics*. Irwin, 1954 (русское издание: Вальрас Л. Элементы чистой политической экономии или теория общественного богатства. М.: Экономика, 2000).
11. Австрийская школа в политической экономии. М.: Прогресс, 1992.
12. Жид Ш., Рист Ш. История экономических учений. М.: Экономика, 1995.
13. Лист Ф. Национальная система политической экономии. М.: Европа, 2005.
14. МакКлоски Д. Полезно ли прошлое для экономической науки // THESIS. Т.1, вып. 1. 1993. (<http://igiti.hse.ru/Editions/THESIS/Issue1>)
15. Хайлбронер Р. Философы от мира сего. М.: Колибри, 2008.
16. Шумпетер Й. Десять великих экономистов от Маркса до Кейнса. М.: Ин-т Гайдара, 2011.

Course Outline

1. Introduction into the course. Economic thought of Ancient Greece

History of economic thought as a discipline. Economic thought and economic analysis.

Plato's social and political theory.

Aristotle's 'realistic' approach, his main principles of analysis. Theory of justice and 'just price'. Money, exchange and wealth in Aristotle's works.

[II], Part I, Ch. 1, par. 2, Part II, Ch. 1 Ch. 4 ; [III], 2.2.; [14].

2. Economic thought of the Middle Ages

General description of the social conditions.

What was the scholastic thought? Its foundations.

St. Thomas Aquinas as a representative of the scholastic thought. The concepts of money, value, usury, and just price.

Influence of the scholastics on subsequent development in economic theory. The notion of natural law.

[II], Part II, Ch. 2 ; [III], 2.4–2.5).

3. Mercantilism

The development of the international market and formation of the trade and payment balances. The policy of the nation-states.

Mercantilist theory and practice. National schools of the Mercantilism.

[II], Part II, Ch. 7 ; [III], 2.6–2.7.

4. Theories of value and of money (XVI – XVIII cent.)

The notion of value and its significance. Value, price, and money.

The developments in value theory.

The developments in monetary theory.

[I], Ch. 4 ; [II], Part II, Ch. 7.

5. William Petty and the origins of Political Economy

A new method of inquiry.

The concept of wealth.

Commodity and market. Distribution and prices.

[I], Ch. 3 ; [III], 3.

6. The Physiocratic thought

Intellectual context of the Physiocracy.

Boisguilebert and Cantillon as precursors of Quesnay.

Quesnay's *Tableau Economique*: a model of the circular flow. The method and its future in economics.

The principles of economic policy. *Laissez-faire* doctrine.

Contribution of Turgot.

[III], Part II, Ch. 4 ; [III], 4.5–4.7 ; [12] Book I, Ch. 1.

7. Adam Smith's economic theory

His life and times. The tradition of the Scottish Enlightenment. D. Hume.

Smith's moral philosophy. 'The Smith's problem'.

'The Wealth of Nations' and its significance for economics as a discipline.

Smith's theory of value and distribution. The factors of the economic development.

The division of labour. The notion of capital.

Economic liberalism.

[III], 5–4 ; [8], Books 1–2.

8. Economic science at the turbulent time

Reforms and the Revolution.

T. Malthus: 'a dismal science'.

The problem 'Say's law' vs. the under-consumption theories (T. Malthus, S. Sismondi).

Bentham's utilitarianism

[I], Ch. 5, par. 1–2 ; [II], Part III, Ch. 4, par. 4, Ch. 6, par. 4 ; [III], 6 ; [12], Book II, Ch. I

9. David Ricardo

His life and times. The Ricardian methodology.

Ricardo's theory of value and distribution. Money and taxation. International trade theory and the Corn Laws. Technological change and employment.

The Ricardian School.

[1], Ch. 4 ; [2], 7 ; [7], Ch. I, IV, VII, XXXI.

10. Economic science of 1820s – 1860s

A general overview. Economics and ideology. The rise of the socialist ideas. F. Bastia as a defender of economic liberalism.

Debates on money and credit in the English literature.

J.S. Mill: the first synthesis in economics.

[1], Ch. 5, par. 3, Ch. 6 ; [III], 8 ; [12], Book II, Ch. Book III, Ch. I, II.

11. Economic and social theory of Karl Marx

His life and times. Political economy and philosophy. The Marxian methodology. Marx and the classical school.

Theory of commodity fetishism. Theory of value. The concept of exploitation.

Theory of reproduction and its future development. Marx on the economic dynamics.

Some results of revolutionary experiments: theory and practice of Marxism.

[1], Ch. 7, 22 ; [III], 8 ; [15], Ch. 5 ; [16], Ch. 1.

12. The Historical School

German tradition of *Staatswissenschaft*. Romanticism and conservatism.

F. List: his life and ideas.

The old historical school as a reaction to the classical school. The concept of “National economy” and problems of economic policy.

Evolution of the historical school. Schmoller and *Methodenstreit*.

The historical school in Russia.

“New” historical school: W. Sombart and M. Weber.

[I], Ch. 8 ; [13].

13. The Marginalist revolution

The context and the results. The precursors of the marginalism.

Methodological changes. A subjective theory of value. The concept of equilibrium.

Rational choice. Mathematical methods in economics.

The schools of marginalism.

W.S. Jevons: theoretical model of exchange. Utility and price.

J.B. Clark and the theory of marginal productivity.

The Austrian school of marginalism. Methodological principles. The concept of economic goods. Exchange and price. Capital and interest rate in the Böhm-Bawerk’s theoretical system.

[I], Ch. 10, 11, 12 ; [III], 10 ; [16], Ch. 3, 6 ; [2], Ch. I, IV ; [11], Ch. 3, 5.

14. General economic equilibrium

The Lausanne school. L. Walras and W. Pareto.

General equilibrium model and its significance. Existence, uniqueness and stability of equilibrium. Equilibrium and optimum.

The social implications of the general equilibrium theory.

[I], Ch. 13, 14 (par. 1-3, 4) ; [III], 12 ; [16], Ch. 2, 5.

15. Partial equilibrium analysis: Alfred Marshall

Marshall’s theoretical synthesis. Methodological ideas and use of mathematics.

Partial equilibrium method. Concept of elasticity. Representative firm.

Long-run and short-run analysis. Consumer and producer surplus. Theory of welfare and taxes.

[I], Ch. 15, [III], 13 ; [16], 4 ; [5], Book 1, Ch. II, Book 3, Ch. IV, Book 5, Ch. 5.

16. American institutionalism

T. Veblen: his life and ideas. Veblen’s critique of neoclassical theory. Analysis of institutions. The impact of the institutions on behaviour of economic agents. “The theory of the leisure class”.

Relationship between industry and commerce.

Further development of the “old” institutionalism.

[I], Ch. 19 ; [15], Ch. 7.

17. Studies in business cycles and economic development

Early explorations into the theory of cycles.

M.I. Tugan-Baranovsky and his theory of crises. N.D. Kondratiev and his contribution to the theory of economic dynamics. The theory of business cycles. Soviet debates on industrialisation

Schumpeter's theory of economic development

The concepts of modernization.

R. Prebisch and the Structuralism.

[I], Ch. 28, par. 2–3 ; [III], 15 ; [15], Ch. 9.

18. J.M. Keynes and the Keynesian revolution

Keynes' life and writings, his intellectual background.

Keynes' monetary theory.

The *General Theory*. Liquidity preference. The concept of multiplier. Savings and investment. Recommendations for economic policy. Rejection of Say's law and of laissez-faire doctrine.

Keynes and the Keynesian theory.

[I], Ch. 29, par. 1–5, [III], 14, par. 1–5 ; [15], 8 ; [3] 1, 3, 24.

19. Economic theory after Keynes

The foundations of the new synthesis. The American Keynesians.

The Post-Keynesian school. The theories of economic growth.

Economics of the welfare state. The rise of the monetarism.

[I], Ch. 29, par. 6–7, 31, 33 ; [III], 14, par. 6–9.

Distribution of hours for topics and types of work

No	Topics titles	Contact hours	
		Lectures	Classes
1.	Introduction into the course. Economic thought of Ancient Greece	2	2
2.	Economic thought of the Middle Ages	2	4
3.	Mercantilism	2	2
4.	Theories of value and of money (XVI – XVIII cent.)	2	4
5.	William Petty and the origins of Political Economy	2	2
6.	The Phisiocratic thought	2	2
7.	Adam Smith's economic theory	2	2
8.	Economic science at the turbulent time	1	
9.	David Ricardo	2	4
10.	Economic science of 1820s – 1860s	1	
11.	Economic and social theory of Karl Marx	2	2
12.	The Historical School	2	2
13.	The Marginalist revolution	4	4
14.	General economic equilibrium	1	1
15.	Partial equilibrium analysis: Alfred Marshall	1	1

16.	American institutionalism	2	
17.	Studies in business cycles and economic development	2	
18.	J.M. Keynes and the Keynesian revolution	2	2
19.	Economic theory after Keynes	2	2
		36	36